

Message Text

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44

ACTION EA-14

INFO OCT-01 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00 CIEP-02

COME-00 DODE-00 EB-11 FEAE-00 FPC-01 H-03 INR-10

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SP-03 SS-20 STR-08 TRSE-00 DRC-01 PA-04 PRS-01

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P R 070945Z JUN 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 2471

INFO AMEMBASSY JAKARTA

C O N F I D E N T I A L TOKYO 7537

E.O. 11652: GDS

TAGS: ENRG JA ID

SUBJ: INDONESIAN LNG

REF: JAKARTA 6422

SUMMARY: ARTICLES, PERHAPS INSPIRED BY TOKYO GAS, HAVE APPEARED IN JAPANESE PRESS INDICATING THAT INCREASED JAPANESE IMPORTS OF INDONESIAN LNG MIGHT HAVE ADVERSE EFFECT ON OVERALL JAPAN-US RELATIONS. IN DISCUSSION WITH PERTAMINA REP AND JAPANESE BANK INVOLVED EMBASSY EXPLAINED US INTEREST IN MAINTAINING STABLE ENERGY PRICES AND USG NON-INVOLVEMENT IN PERTAMINA-PL NEGOTIATIONS. ENDDDSUMMARY.

1. SEVERAL ARTICLES APPEARED IN JAPANESE PRESS JUNE 2 TO EFFECT THAT TOKYO GAS AND TOKYO ELECTRIC HAD REFUSED TP PURCHASE ADDITIONAL QUANTITIES OF LNG FROM INDONESIA. QUANTITY INVOLVED IS 2.5 MILLION TONS OF LNG IN ADDITION TO 7.5 MILLION TONS JAPAN HAS ALREADY CONTRACTED TO BUY FROM INDONESIA. REPORTS SAID TWO
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FIRMS HAD REJECTED INDONESIAN OFFER FOR FOLLOWING

REASONS:

A. INDONESIA MAY BE TRYING TO DIVERT SOME OF ITS LNG IMPORTS BOUND FOR U. S. TO JAPAN, AND U. S. IS CONCERNED ABOUT THIS.

B) INCREASED LNG IMPORTS FROM INDONESIA MAY HAVE ADVERSE EFFECT ON US-JAPAN COOPERATION IN YAKUTSK NATURAL GAS PROJECT.

C) INDONESIA LNG IS PRICED AT SUCH HIGH LEVEL THAT IT MAY PUSH UP INTERNATIONAL PRICE OF LNG. ARTICLES ALSO NOTED THAT DURING RECENT VISIT OF TOKYO GAS CHAIRMAN ANZAI TO WASHINGTON, U. S. OFFICIALS HAD BEEN CRITICAL OF JAPAN FOR BUYING LNG AT SUCH HIGH PRICE.

2. EMBOFF MET WITH (PERTAMINA-AFFILIATED) FAR EAST OIL TRADING COMPANY OFFICIALS JUNE 4 AND INDUSTRIAL BANK OF JAPAN OFFICIALS JUNE 6 (IN BOTH CASES AT THEIR REQUEST). IN RESPONSE TO QUESTIONS DURING TWO MEETINGS, EMBOFF TOOK LINE THAT (A) U. S. HAS BROAD INTEREST IN MAINTAINING STABLE WORLD ENERGY PRICES (STATE 083005) AND (B) THE USG IS NOT INVOLVED IN PERTAMINA-PACIFIC LIGHTING NEGOTIATIONS (STATE 111416). OFFICIALS OF BOTH ORGANIZATIONS SAID THIS POSITION SEEMED REASONABLE.

3. INDUSTRIAL BANK OF JAPAN (IBJ) SOURCES FURTHER INDICATED THAT ARTICLES DESCRIBED PARA ONE WERE INCORRECT AS FAR AS TOKYO ELECTRIC CONCERNED. ACCORDING IBJ SOURCES, TOKYO ELECTRIC HAS EXPRESSED FIRM INTEREST IN TAKING LARGE PART OF ADDITIONAL 2.5 MILLION TONS WHICH PERTAMINA NOW OFFERING TO JAPAN. ADDED THAT UTILITY COMPANIES IN SOUTHERN JAPAN MIGHT TAKE REMAINDER. FINAL DECISION WILL BE MADE IN ABOUT TWO MONTHS, SOURCE SAID.

4. COMMENT: (A) EMBASSY BELIEVES THAT PRESS STORIES ABOUT U. S. CONCERNS WERE INSPIRED BY TOKYO GAS, WHICH IS MOST ANXIOUS TO SEE PACIFIC LIGHTING-PERTAMINA DEAL CONSUMATED. (B) WE HAVE BEEN SOMEWHAT SURPRISED BY APPARENT LACK OF INTEREST ON PART OF PL'S REPS IN
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JAPAN (MORGAN STANLEY); HOWEVER, THIS MAY INDICATE THAT PL HAS NEARLY GIVEN UP HOPE ON INDONESIA LNG.
SHOESMITH

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